

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6629**

**BILL NUMBER:** HB 1608

**NOTE PREPARED:** Dec 12, 2002

**BILL AMENDED:**

**SUBJECT:** Insurance Producer Fees.

**FIRST AUTHOR:** Rep. Whetstone

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill changes the penalty for late renewal of an insurance producer license to the amount of the renewal fee. The bill allows the Department of Insurance may waive the penalty.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The Department would collect approximately \$32,000 less in late penalties under the provisions of this bill. This assumes that the number of late registrations requiring late penalty for FY 2004 is the same as FY 2002 (see table below for more detail).

This bill will reduce the penalty for late renewal by 66%. The current penalty for late renewal is equal to three times the renewal fee in addition to the renewal fee, or \$120 for in-state and \$270 for out-of-state insurance producers. For example a producer that registers late is currently required to pay the regular renewal fee plus a penalty equal to the three times the renewal fee - for an in-state producer, the total paid would be \$160 (\$120 penalty plus \$40 renewal fee).

The proposed penalty is equal to the renewal fee, or \$40 for in-state and \$90 for out-of-state insurance producers, in addition to the regular renewal fee. For example, a producer that registers late is still required to pay the regular renewal fee plus a penalty equal to the renewal fee - for an in-state producer, the total paid would be \$80 (\$40 penalty plus \$40 renewal fee).

During FY 2002 there were a total of 192 late insurance producer renewals; 27 of these were in-state

insurance producers and 165 were out-of-state insurance producers. In addition, during FY 2002 the Department waived late fees for two insurance producers for administrative reasons.

**Insurance Producer Licenses FY 2002**

Category	Total Registered	Renewed Late*	Late Penalty	Proposed Penalty	Penalty Total	Proposed Penalty Total	Difference Penalty Collected
In-State	37,048	27	\$120	\$40	\$3,240	\$1,080	<b>\$2,160</b>
Out-of-State	42,669	165	\$270	\$90	\$44,550	\$14,850	<b>\$29,700</b>
<b>Total</b>	<b>79,717</b>	<b>192</b>			<b>\$47,790</b>	<b>\$15,930</b>	<b>\$31,860</b>

Note: \*This number does not include two producers that had late penalties waived as a result of administrative action.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Insurance.

**Local Agencies Affected:**

**Information Sources:** Barb Hayes, Department of Insurance, 317-232-2405.

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